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SUBJECT: DOMINICAN POLITICS III #22: THE PLD PARTY -
PRAGMATISM AND POLITICAL POWER

Classified By: Economic-Political Counselor Michael A. Meigs, Reasons 1
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11. (U) This is the 22nd cable in our series on Dominican
politics in the third year of the administration of President
Leonel Fernandez.

(C/NF) SUMMARY: With a view to the 2008 presidential
election, we make this assessment of the Dominican Liberation
Party (PLD). Founded in the 1970s as a leftist breakaway
from the populist PRD and another opponent to Balaguer,s
social christians, the PLD of today is firmly pragmatist. A
key barometer of the party's and President Leonel Fernandez's
ideology has been the Dominican Republic's foreign policy
choices under PLD leadership. While the PLD under Fernandez
has not let ideology get in the way of good policy, it has
occasionally suffered from other weaknesses. Fernandez often
appears to prefer intellectual pursuits over the hard work of
implementing structural change in the Dominican Republic.
Some say that he spends up to five afternoons per week at the
FUNGLODE think tank. Fernandez has not exerted much
leadership, preferring a non-controversial presidency in
which his ministers have broad latitude. The 2006 election
marked a significant event in the history of the PLD and gave
the party a much broader opportunity to govern. Not long
after achieving control of the legislature, the PLD has had
to face a test of party unity in the form of Danilo Medina's
challenge of Fernandez for the PLD's presidential nomination.

ORIGINS

(C/NF) The PLD was founded by Juan Bosch, the former
President and long-time leader of the Dominican Revolutionary
Party (PRD), allied with the Socialist International. In

1973, Bosch split off from the PRD to form the PLD after becoming frustrated with the populists, politics. The split initially went badly for Bosch and his allies, with the PLD suffering a series of election defeats in the 1970s and 1980s while the PRD won the presidency twice and performed well in congressional elections. In the 1990s, the PLD grew in strength as voters sought change after years of dominance by the Reformista Party (PRSC) of Joaquin Balaguer and the decidedly mixed performances in office of PRD Presidents Antonio Guzman and Salvador Jorge Blanco.

IDEOLOGY

(C/NF) The PLD has undergone an ideological evolution since the 1970s, when Bosch openly favored Marxism and Fidel Castro's Cuba. As the Cold War ended, Bosch became afflicted with a long illness and the party turned to younger, more pragmatic leadership. The 1996 presidential elections presented an opportunity for the PLD, since Balaguer was constitutionally barred from running for re-election. According to Frederic Emam-Zade, head of the influential think tank FUNGLODE, party leaders led by then-Congressman Danilo Medina sought from among themselves a presidential candidate who could shake the PLD's old leftist label. They settled on Leonel Fernandez, a lawyer and professor who had lived in the United States as a boy and, Emam-Zade argues, was deemed to be acceptable to the business community (read: the oligarchy), to the Church, and to the United States Government.

(SBU) Fernandez emerged as superb extemporaneous speaker and political campaigner, and gained further strength when, in the second round of the 1996 election, Balaguer, the old

conservative, threw the Reformistas' support to the PLD in order to block the PRD's charismatic leader Francisco Pena Gomez. In May 1996, despite never having held public office, the then-42-year-old Leonel Fernandez won the presidency, achieving the PLD's long-sought electoral breakthrough. Shortly thereafter, he named Danilo Medina as his Chief of Staff.

(U) Today, according to the PLD's official literature, the party is "a political organization made up of patriotic men and women who struggle for liberty, progress, and the well-being of Dominicans and other peoples of the world, basing their political action in support of groups who are the most disposed and vulnerable in society."

FOREIGN POLICY PRAGMATISM

(C/NF) Until 2006 the PLD's only electoral victories had been the two presidential elections won by Fernandez. As a result, the record of the party had been inextricably linked to Fernandez's personal outlook and governing style, which has been to provide wide latitude to the party's senior leaders, most of whom became his ministers. A key barometer of the party's and Fernandez's ideology has been the Dominican Republic's foreign policy choices under PLD leadership.

(C/NF) Fernandez established diplomatic relations with Cuba in his first term. He does not admire Castro, however, and binational exchanges are generally limited to students, health workers and athletic trainers. Fernandez has cordial relations with Hugo Chavez of Venezuela, but in private he has expressed to the Ambassador his concern about Chavez's erratic, anti-U.S. behavior. The Dominicans accepted the concessional financing of Venezuela's "Petrocaribe" program, but declined the Castro-Chavez proposal of establishing a binational oil company for it. (Note: As a country with no domestic oil production and a large budget deficit, the Dominican Republic highly values Petrocaribe. We have no doubt that that assistance constrains the PLD government's ability to criticize openly Chavez's anti-democratic actions and regional troublemaking.)

(C/NF) Two policy choices by Fernandez in 2004 demonstrated to this Embassy the pragmatism and restraint of the PLD, a party which we believe understands very well the value of the Dominican Republic's relations with the United States. The first choice occurred during the 2004 presidential election, and related to the Dominican troops that had been dispatched by PRD President Mejia to join the Multi-National Forces in Iraq. At that time, the Ambassador approached then-candidate Fernandez with a request -- that his campaign not publicly criticize Mejia's decision to send troops to Iraq. During an unannounced visit to Washington just two months before the election, senior PLD leaders Danilo Medina and Temistocles Montas assured the NSC and Department of State that the campaign would not target U.S. actions in Iraq or the ongoing negotiations on the regional free trade agreement with the United States (CAFTA).

(C/NF) The second choice occurred after the PLD took office in August 2004 and related to the free trade agreement. The CAFTA-DR agreement -- including the Dominican Republic with the Central American trading partners -- held the promise of long-term economic integration with the United States. CAFTA-DR had been signed during Mejia's final days in office and the PLD inherited the task of getting congressional ratification and the negotiations to bring the deal into

force. Fernandez and his allies could have chosen to abandon CAFTA-DR and seek closer economic relations with Mercosur, Venezuela, or others. Instead, the PLD forged ahead with CAFTA-DR and, while the Dominicans at times seemed less than fully committed to the timely completion of negotiations, they did complete the deal and on March 1 of this year the free trade agreement entered into force for the country.

LEADERSHIP -----

(C/NF) Since taking office for the second time in 2004, Fernandez and the PLD have proven to be a pragmatic, social democratic party. Fernandez has appointed reform-minded officials who strengthened the judicial system and his administration reversed the economic and financial crisis of its predecessor. The PLD's National Competitiveness Plan, announced March 21, 2007, is designed to increase the volume of production and exports to take full advantage of the benefits under CAFTA-DR. The Plan reflects a firm commitment to free-market principles. However, while the PLD under Fernandez has not let ideology get in the way of good policy, it has occasionally suffered from other weaknesses.

(C/NF) Fernandez often appears to prefer intellectual pursuits over the hard work of implementing structural change in the Dominican Republic. According to Emam-Zade, Fernandez spends up to five afternoons per week at the FUNGLODE think tank (which he founded upon departing the presidency in 2000), engaged in research and the writing of his own speeches. He has not exerted much leadership, preferring a non-controversial presidency in which his ministers have broad latitude and the President leads as would an amiably unconcerned chairman of the board in the private sector.

(C/NF) Neither the modest middle class nor the large number in poverty have yet received many benefits from the economic turnaround. In addition, the Fernandez Administration has fallen significantly short in controlling corruption, which remains an enduring feature of Dominican life, and in reform of the electricity sector, which has been partial, uncertain, and ineffective. Instead, key presidential priorities include constitutional reform, which Fernandez argues is necessary to prevent the return of dictatorship and to address gaps in the legal system. A second central project is the Santo Domingo subway system, which have critics charged -- credibly -- is too expensive and surrounded by questionable procurement contracts.

(C/NF) Fernandez's leadership style reflects the structure of the PLD, which is governed by a powerful 25-member Political

Committee. While the party's internal affairs are confidential -- and the organization has a reputation for

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discretion -- it is reasonable to assume, based on what we have been able to glean, that Fernandez's role on the Political Committee is "first among equals."

POWER ACHIEVED

(C/NF) Despite some policy missteps, Fernandez's PLD won both houses by large margins in the 2006 congressional election and the President's approval rating remains high (64 percent). This has been partly a reward for having reversed the economic decline left behind by the PRD, but it was also due to weak competition from the post-Mejia PRD, which has struggled to define a coherent policy platform and to maintain party unity.

(C/NF) The 2006 election marks a significant event in the history of the PLD. Having gained control of the Congress, the party has much broader ability to put its mark on the governance of the Dominican Republic. In addition, the record of the party will no longer be so closely identified with the presidencies of Leonel Fernandez. It is true that, to date, Senate President Reinaldo Pared Perez, also Secretary General of the PLD, has remained closely aligned

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with Fernandez; however, he has distanced himself from the Palace on a few occasions. The President of the House, Julio Cesar Valentin, has emerged as a prominent public face of the PLD from outside of the cabinet.

QUESTIONS OF INTERNAL DEMOCRACY

(SBU) Soon after achieving control of the legislature, the PLD is facing a test of party unity in the form of Danilo Medina's challenge of Fernandez for the PLD's 2008 presidential nomination. In the first several months following Medina's December 2006 primary launch, the campaign was noticeably tame. Fernandez had not formally entered the race and Medina, eschewing harsh criticism of the Fernandez administration, focused his campaign instead on opposing the practice of presidential re-election.

(C/NF) Throughout the course of March, the PLD's presidential primary has heated up. The May 6 vote is now only six weeks away and campaigning has become more intense, with Medina alleging that pro-Fernandez government officials are engaged in vote buying. Following a strongly worded Medina speech -- in which the former Chief of Staff called defectors from his campaign "turncoats and people without a future" -- other party leaders clamored for civility and a sense of unity. Jose Tomas Perez, who is polling badly as the third PLD candidate, publicly called for a peace-making meeting among the three presidential aspirants.

COMMENT

(C/NF) The recent history and governing record of the PLD party have been closely associated with the presidencies of Leonel Fernandez and his governing style, which has been to provide wide latitude to his ministers. Therefore, the PLD's congressional victory in 2006, which brought about the emergence of new leadership at the head of another branch of government, is seminal. In some ways, the history of the Dominican Liberation Party has only just begun.

-- Drafted by Peter Hemsch

12. (U) This report and extensive other material can be consulted on our SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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